

FISCAL NOTE

HB 547 - SB 1164

March 24, 2001

SUMMARY OF BILL: Exempts from sales tax any portion of the retail price of a manufactured home as to which an independent contractor, of the retail seller, has paid or owes the tax imposed elsewhere in TCA 67-6-216. Under existing law, TCA 67-6-216, state tax equal to one half (1/2) the rate of tax provided for in § 67-6-202 is levied on the gross receipts or gross proceeds from the retail sale of a manufactured home, including any accessories, parts, furniture, appliances, delivery fees, installation fees, and other additional or incidental items or services that are part of the sale of the manufactured home, whether or not separately billed.

For information purposes, under TCA 67-6-209(g), any tangible personal property that the dealer installs in a manufactured home is exempt from all sales tax as long as it is taxed at the lower rate established in TCA 67-6-216.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Less Than \$50,000

Estimate assumes:

- To the extent that installation materials and labor costs are not included in total sales price in the itemized sales contract of the manufactured housing unit and tax was not paid at the full rate on such materials and labor, tax would be owed.
- The total decrease in state revenues would depend on the number of occurrences where installation materials and labor cost are not currently included in the total sales price. This amount cannot be determined but is estimated to be less than \$50,000 based on information provided by the Department of Revenue.
- To the extent that materials and labor costs are included in the itemized sales contract of the total sales price for manufactured housing there would be no impact on revenues because the items are taxed, by law, at the rate of one-half the normal sales tax rate.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

HB 547 - SB 1164